

Message Text

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FM SECSTATE WASHDC

TO ALL NATO CAPITALS

USMISSION NATO

AMEMBASSY STOCKHOLM

AMEMBASSY MADRID

AMEMBASSY BRASILIA

USNMR SHAPE

CINCEUR

CINCLANT

COMUSFORAZ

USDOCOSOUTH

INFO AMEMBASSY LISBON

C O N F I D E N T I A L STATE 170688

FOLLOWING REPEAT STATE 170688 ACTION LISBON 9 JUL 76

QUOTE

C O N F I D E N T I A L STATE 170688

E.O. 11652: GDS

TAGS: PFOR, PO, US

SUBJECT:PORTUGAL - 1976 POLICY GUIDELINES

REF: LISBON 1336

1. THERE WAS UNANIMOUS AGREEMENT IN THE INTER-AGENCY
REVIEW OF THE PORTUGUESE POLICY ASSESSMENT THAT EMBASSY
LISBON HAS PRODUCED AN EXCELLENT ANALYSIS OF BASIC U.S.
INTERESTS IN PORTUGAL AND A COGENTLY ARGUED SET OF RECOMEN-
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DATIONS ON HOW TO ACHIEVE OUR NEAR-TERM OBJECTIVES. BASED
UPON THE INTER-AGENCY REVIEW; THE FOLLOWING ARE GUIDELINES
FOR U.S. POLICY.

2. NEAR-TERM OBJECTIVES:

A. POLITICAL. (1) A DEMOCRATIC, STABLE, PRO-NATO GOVERNMENT WHICH EXCLUDES COMMUNISTS AND WHICH IS CAPABLE OF DEALING WITH PORTUGAL'S PRESSING ECONOMIC AND SOCIAL PROBLEMS; (2) STRONG WESTERN EUROPEAN SUPPORT FOR SUCH A GOVERNMENT.

B. POLITICAL/MILITARY. A PROFESSIONAL, NATO-ORIENTED MILITARY ESTABLISHMENT COMMITTED TO THE SUPPORT OF A

PRO-WESTERN CONSTITUTIONAL DEMOCRACY.

C. AZORES BASE. CONTINUED UNDIMINISHED ACCESS TO THE LAJES BASE FACILITIES.

D. ECONOMIC. THE ADOPTION AND IMPLEMENTATION OF POLICIES WHICH WILL LEAD TO ECONOMIC RECOVERY AND SOCIAL PROGRESS.

3. POLICY MEASURES. OUR NEAR-TERM OBJECTIVES WILL BE PURSUED IN THE FOLLOWING WAYS:

A. POLITICAL. TO FURTHER STABLE, EFFECTIVE, DEMOCRATIC GOVERNMENT, WE SHOULD CONTINUE US ECONOMIC AND MILITARY ASSISTANCE; MAINTAIN A STRONG US CULTURAL PRESENCE; SUPPORT A FREE TRADE UNION MOVEMENT IN PORTUGAL; AVOID SUPPORT FOR ULTRA-RIGHT PORTUGUESE POLITICAL ORGANIZATIONS OR FOR AZOREAN OR MADEIRAN INDEPENDENCE GROUPS.

B. POLITICAL/MILITARY. TO STRENGTHEN LINKS WITH NATO AND TO ENCOURAGE MILITARY DISENGAGEMENT FROM POLITICAL ACTIVITY, WE WILL SUPPORT THE RESTORATION OF MILITARY PROFESSIONALISM IN THE PORTUGUESE ARMED FORCES STARTING WITH THE CREATION OF A NATO-COMMITTED AND SUPPORTED BRIGADE WITH COORDINATED ALLIED EQUIPMENT CONTRIBUTIONS TO IT. WE WILL ALSO SUPPORT AN EXPANSION OF CONTACT BETWEEN PORTUGUESE ARMED FORCES PERSONNEL AND MILITARY PERSONNEL OF THE US AND OTHER NATO ALLIES.

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C. ECONOMIC. TO ASSIST THE PORTUGUESE GOVERNMENT IN ITS EFFORTS TOWARD ECONOMIC RECOVERY, WE WILL WORK FOR A RETURN TO AN ECONOMIC CLIMATE THAT WILL ENCOURAGE INVESTMENT AND PROTECT US ECONOMIC INTERESTS. WE HAVE REQUESTED IN THE TRANSITIONAL QUARTER AND FY 1977 A TOTAL ECONOMIC ASSISTANCE PROGRAM (AID LOANS/GRANTS, PL 480 AND CCC CREDITS) OF \$180 MILLION. WE WILL ALSO GIVE URGENT CONSIDERATION TO LARGER SCALE BALANCE OF PAYMENTS SUPPORT FOR PORTUGAL, PROVIDED THAT THE GOP UNDERTAKES ECONOMIC POLICIES DESIGNED TO STANCH THE FOREIGN EXCHANGE HEMORRHAGE WHICH HAS COST PORTUGAL MORE THAN \$2 BILLION

IN EXCHANGE LOSSES SINCE THE 1974 REVOLUTION. WE WILL ALSO
CONTINUE TO SEEK OPPORTUNITIES TO DISCUSS THE PORTUGUESE
ECONOMIC SITUATION WITH INTERESTED WESTERN EUROPEAN
GOVERNMENTS AND TO GIVE OUR STRONG ENCOURAGEMENT TO THEM
TO UNDERTAKE OR TO EXPAND ECONOMIC ASSISTANCE TO PORTUGAL
WE WILL ALSO UNDERTAKE AN EXPANSION OF EXPORT-IMPORT
BANK ACTIVITIES IN PORTUGAL. KISSINGER
UNQUOTE

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